

C 81702

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Name.....

Reg. No.....

SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2020

(CUCBCSS—UG)

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I

Answer all questions.

Each question carries 1 mark.

1. _____ means buying and selling goods and services.
(a) Trade. (b) Commerce.
(c) Industry. (d) Manufacture.
2. Under this method of depreciation the WDV will never become zero :
(a) Straight line method. (b) Annuity method.
(c) Diminishing Balance Method. (d) Sum of year's digit method.
3. It is that portion of the uncalled capital which is called up only at the event of company's winding up.
(a) Uncalled capital. (b) Unpaid capital.
(c) Capital Reserve. (d) Reserve Capital.
4. _____ of shares means the acceptance of offer of the applicant for the purchase of shares.
(a) Application. (b) Redemption.
(c) Allotment. (d) Buyback.
5. Banking Companies are governed by the _____.
(a) Banking Companies Act 1935. (b) Banking Regulation Act 1949.
(c) Companies Act, 1956. (d) Companies Act, 2013.
6. If dividend not to accumulate and not to carried forward to next year, these are called _____.
(a) Participating preference shares. (b) Non-cumulative preference shares.
(c) Cumulative preference shares. (d) Convertible preference shares.

Turn over

7. _____ means to the value that will be realized by selling the asset after the expiry of the estimated working life.
- (a) Scrap value. (b) Salvage value.
(c) Terminal value. (d) All of these.
8. _____ is the method of depreciation in which the value of asset is reduced because of change in fashion or technology.
- (a) Amortisation. (b) Obsolescence.
(c) Depletion. (d) Deterioration.
9. In the case of private companies the maximum number of persons shall not exceed _____.
- (a) 200. (b) 150.
(c) 100. (d) 50.
10. Equity capital is also called :
- (a) Risk capital. (b) Risk free capital.
(c) Uncertain capital. (d) Directors capital.

(10 × 1 = 10 marks)

Part II (Short Answer Types)*Answer any eight questions.**Each question carries 2 marks.*

11. Mention the treatment of loss of goods by fire.
12. Jay Ltd. issued 5000 shares of Rs. 10 each at a discount of 10% payable as Rs. 3 on application, Re. 1 on allotment, Rs. 3 on first call and Rs. 2 on final call. Mr. Raju was allotted 50 shares and who failed to pay first call and final call. Give journal entries if those shares were forfeited.
13. What do you mean by non-banking assets ?
14. Mention the significance of International Accounting Standard Board.
15. How can the manager's commission be ascertained ?
16. Define Depreciation.
17. State the need for IFRS conversion.
18. Name the types of insurance.
19. What are the advantages of slip system of accounting ?
20. What are the features of debentures ?

(8 × 2 = 16 marks)

Part III (Short Essays)*Answer any six questions.**Each question carries 4 marks.*

21. Define Single Entry. What are its features, merits and demerits ?
22. Mention the role of IASB.
23. Discuss the nature and role of financial statements.
24. For the year ended 31st December 2017, the profit of Narendara Ltd. before charging depreciation on fixed assets and managerial commission amounted to Rs. 3,00,000. Depreciation for the year charged Rs. 60,000 and a commission of 10% of profit (before charging such commission) was payable to the manager. The paid up capital of the company consisted Rs. 10,00,000 divided into 5000, 6% preference shares of Rs. 100 each and 50,000 equity shares of Rs.10 each. Interim dividend at Re. 0.5 per share was paid during the year. There was a credit balance of Rs. 35,000 in the Profit and Loss Account brought from the previous year. The following proposals was passed : (a) To pay the year's dividend on the preference shares ; (b) To pay a final dividend on equity shares at Re. 0.50 per share to make a total dividend of Re. 1 per share for that year ; (c) To provide for taxation @ 50% on the net profit ; (d) To transfer Rs. 25,000 to General Reserve ; and (e) To carry forward the balance. Show the Profit and Loss Appropriation Account.
25. What is the treatment of rebate on bills discounted ?
26. The following are the particulars relating to Dhana Bank Ltd. For the year ended on 31-3-2017 :
- | | | |
|---|---|---------------|
| (i) Bills for collection as on 1-4-2016 | - | Rs. 2,00,000 |
| (ii) Bills received during the year | - | Rs. 20,00,000 |
| (iii) Bills collected during the year | - | Rs. 12,00,000 |
| (iv) Bills dishonoured and returned | - | Rs. 20,000 |

Prepare the concerned ledger accounts for the year 2017.

27. Discuss in detail the kinds of companies.
28. Mention the Objectives of depreciation.

(6 × 4 = 24 marks)

Turn over

Part IV (Long Essays)*Answer any two questions.**Each question carries 15 marks.*

29. Mr. A, who is a sole trader following is the trial balance as on 31st December 2017 :

| | Rs. | Rs. |
|--------------------------------------|----------|----------|
| Cash at bank | 61,590 | |
| Sales | | 9,36,200 |
| Cash in hand | 11,800 | |
| 12% bank loan | | 80,000 |
| Drawings | 20,000 | |
| Capital | | 1,60,000 |
| Bills receivable | 39,600 | |
| Bills payable | | 5,200 |
| Salary | 44,000 | |
| Discount received | | 2,400 |
| Sundry creditors | | 1,26,200 |
| Income from investment | | 1,980 |
| Investment (Market value Rs. 28,000) | 24,000 | |
| Purchase return | | 7,400 |
| Stock on 1-1-2017 | 1,27,360 | |
| Land and building | 80,000 | |
| Travelling expenses | 13,800 | |
| Motor van | 32,000 | |
| Furniture | 16,000 | |
| Telegram | 1,600 | |
| Sundry debtors | 1,28,000 | |
| Discount allowed | 3,600 | |
| Sundry expense | 37,240 | |

| | Rs. | Rs. |
|--------------------|-----------|-----------|
| Stationery | 3,200 | |
| Bank loan interest | 6,000 | |
| Establishment | 9,190 | |
| Advertisement | 2,000 | |
| Sales return | 5,000 | |
| Purchase | 6,53,400 | |
| | 13,19,380 | 13,19,380 |

Additional information :

1. Closing stock is valued at 2,40,000.
2. Maintain a reserve of 10% of debtors as reserve for debtors.
3. Provide a reserve of 5% on sundry debtors as reserve for discount and 5% on sundry creditors.
4. Stock worth Rs. 20,000 destroyed by fire on 25-11-2011 in respect of which the insurance company admitted the claim only Rs. 15,000.
5. The manager of the business is entitled to get a commission of 10% of net profit after calculating such commission.
6. Charge depreciation 2.5% on land and building, 10% on furniture, 20% on motor van.
7. Salary paid in advance 3,000.

Prepare a trading and profit and loss account on 31 December 2011 and balance sheet on that date.

30. Write an essay on Financial Accounting Standard Board.

Turn over

31. From the following figures taken from the books of New Bharath Insurance Co. Ltd. doing the fire insurance business, prepare the Final accounts for the year 2016-2017 :

| | Rs. |
|--|-----------|
| Fire fund on 1 st April 2016 | 9,30,000 |
| General Reserve | 4,50,000 |
| Investments | 36,00,000 |
| Premium | 27,01,533 |
| Claims paid | 6,02,815 |
| Share capital - Equity shares @ Rs.100 each | 9,00,000 |
| Additional Reserve on 1 st April 2016 | 3,30,000 |
| Profit and Loss Account (credit) | 75,000 |
| Reinsurance premium | 1,12,525 |
| Claims recovered from reinsurers | 21,119 |
| Commission on reinsurance ceded | 48,016 |
| Advance income tax | 2,50,000 |
| Agents' balance (Debit) | 20,000 |
| Commission on direct business | 2,99,777 |
| Commission on reinsurance accepted | 60,038 |
| Outstanding premium | 22,300 |
| Claims intimated but not paid on 1 st April 2016 | 60,000 |
| Expenses of management | 4,31,947 |
| Audit fees (General) | 36,000 |
| Rate and tax (General) | 5,804 |
| Rent (General) | 67,500 |
| Income from investments | 1,53,000 |
| Sundry creditors | 22,500 |
| Cash in hand and bank balances | 1,82,462 |

The following further information may also be noted : 1. Expenses of management include survey fees and legal expenses of Rs. 36,000 and Rs. 20,000 relating to claims ; 2. Claims intimated but not paid on 31st March 2017 Rs. 1,04,000 ; 3. Income tax to be provided @55% ; 4. Proposed dividend 8% ; 5. Transfer to general reserve Rs. 2,00,000 ; and 6. Reserve for unexpired risk to be kept @ 40% of net premium.

(2 × 15 = 30 marks)

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